

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7143

BILL NUMBER: HB 1731

NOTE PREPARED: Apr 29, 2007

BILL AMENDED: Apr 27, 2007

SUBJECT: Public Purchasing.

FIRST AUTHOR: Rep. GiaQuinta

FIRST SPONSOR: Sen. Lanane

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: *Small Purchases & Public Works Projects:* This bill increases the thresholds for small purchases for Indiana state and local government agencies. It increases the threshold for small public works projects for political subdivisions. The bill provides that all purchasing agencies may award a contract under the request for proposal provisions of the law without making certain written determinations.

The bill removes a provision that requires that when conducting discussions with an offeror, information derived from a proposal submitted by a competing offeror may not be disclosed. It extends to all purchasing agents, and not just executive branch agencies, the ability to discuss competing offers. The bill provides that governmental entities may make purchases from other governmental entities, or under another governmental entity's written contract and, in certain circumstances, with a nonprofit entity if the requirements of the public purchasing statutes are met.

Communications Districts: The bill allows any county to adopt an ordinance creating a public safety communications systems and computer facilities district. It prohibits a county from imposing an ad valorem property tax levy to fund the operation or implementation of a public safety district.

Effective Date: July 1, 2007.

Explanation of State Expenditures: *Small Purchases & Public Works Projects:* The bill would reduce the administrative cost of public purchases by doubling the thresholds of small purchases from \$75,000 to \$150,000. The bill also increases from \$25,000 to \$50,000 the small purchases that can be made by a unit under small purchase policies adopted by a governmental unit.

The ability of a unit to use information of a competing offeror could also reduce the state cost.

The ability to make purchases from other governmental entities and, in certain circumstances with a nonprofit entity if the requirements of the public purchasing statutes are met, would reduce expenditures.

Explanation of State Revenues:

Explanation of Local Expenditures: *Small Purchases & Public Works Projects:* The bill increases the threshold from \$75,000 to \$100,000 for public works projects for a consolidated city, a second class city, a third class city with a population of 15,000 or more, a county containing a consolidated or second class city, or a regional water or sewage district that can be let by inviting quotes from at least three persons known to deal in the class of work proposed. The invitation must be by mail and be at least 7 days before quotes are due. The project could also be done by the unit's own workforce.

The bill would allow the soliciting of quotes on projects under \$25,000 to be done by soliciting at least three quotes by telephone or facsimile transmission and the 7-day waiting period on the quotes would not apply.

The change could decrease the administrative expense and project costs for projects.

Communications Districts: Under current law, only Marion County and Elkhart County may create a public safety communications systems and computer facilities district (district). This bill would permit any county to adopt an ordinance creating a district. Each district would encompass the unincorporated portion of the county plus any municipalities and townships that choose to join the district. The bill could reduce the cost of local public safety communications systems and computer facilities.

Background: Currently, Marion County funds their district from COIT revenues and may not impose a property tax rate in the district. Elkhart County is currently authorized to impose a tax rate of up to \$0.05 per \$100 AV. However, Elkhart County has not yet imposed this additional tax rate and instead funds the district from the county's existing general fund levy.

Under this provision, the remaining 90 counties would not be permitted to impose a property tax rate to fund the districts. The current funding options for Elkhart and Marion Counties would not be affected. This provision would not affect property tax levies.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.